

**California Code of Regulations  
Title 25, Division 1  
Chapter 7  
Proposed Amendments to Subchapter 4**

**Adopt Article 6 as follows:**

**Article 6. Supportive Housing Loans**

**Adopt Section 7340. General.**

(a) This Article 6 governs ~~p~~Projects funded pursuant to Health and Safety Code Sections 50675.14 and 53533(a)(3) for the purpose of providing loans to supportive housing ~~p~~Projects.

(b) The provisions of Articles 1, 2, 3 and 4 of this subchapter 4 apply to assistance made available pursuant to this Article 6 except as modified herein.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675, 50675.14, and 53533(a)(3), Health and Safety Code.

**Adopt Section 7341. Definitions.**

For the purposes of this Article, in addition to the definitions in Section 7301 and Section 8301, the following definitions shall apply:

(a) "Supportive Housing Unit" means a ~~u~~Unit of permanent housing linked to supportive services restricted to occupancy by an Eligible Household and which meets all of the following requirements:

- (1) Occupancy is restricted to Eligible Households that are Homeless or At Risk of Homelessness and that include a Disabled Adult.
- (2) It is operated as independent housing, in which each tenant:
  - (A) Holds a lease or rental agreement in his or her own name and is responsible for paying ~~r~~Rent;
  - (B) Has his or her own room or apartment and is individually responsible for arranging any shared tenancy, to the extent that shared tenancy is allowed under his or her lease; and
  - (C) May stay as long as he or she pays his or her share of ~~r~~Rent and complies with the terms of his or her lease.
- (3) The ~~u~~Unit is subject to applicable state and federal landlord-tenant laws.
- (4) The tenant's participation in services or any particular service shall not be required as a condition of tenancy.
- (5) At initial occupancy, the tenant household income, to the extent that it can be documented, shall not exceed 30 percent of the greater of State Median Income or Area Median Income.

(b) "Homeless" means:

- (1) Moving from an emergency shelter; or

(2) Moving from ~~Transitional~~ ~~Housing~~; or

(3) Currently Homeless which means:

(A) An individual who lacks a fixed, regular, and adequate nighttime residence; or

(B) An individual who has a primary nighttime residence that is:

(i) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and ~~Transitional~~ ~~Housing~~ for the mentally ill); or

(ii) An institution that provides a temporary residence for individuals intended to be institutionalized; or

(iii) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

(c) "At Risk of Homelessness" means:

(1) Households with incomes at or below the greater of 20 percent of State Median Income (SMI) or Area Median Income (AMI) with no rental subsidy available to the household; or

(2) Households with incomes above 20 percent but not exceeding 30 percent of the greater of SMI or AMI who:

(A) Face immediate eviction and have been unable to identify a subsequent residence; or

(B) Face imminent release from an institution (i.e.; jail, hospital or foster care system) where other housing placement resources are not available; or

(C) Reside in an overcrowded setting (more than two persons per living/sleeping area) in which the household does not hold a lease; or

(D) Reside in substandard housing subject to a current official vacation notice; or

(E) Pay more than 50 percent of income in housing costs.

(d) "High Risk of Homelessness" means the same as "Homeless" or "At Risk of Homelessness."

(e) "Disabled Adult" for the purposes of this Article 6 only shall mean a person 18 years of age or older, or an emancipated minor, with one of the following disabilities:

(1) Mental illness;

(2) HIV or AIDS;

(3) Substance abuse;

(4) Developmental disability; or

(5) Long-term chronic health condition that qualifies them for:

(A) Eligibility under either of two Medicaid Waiver programs, the Multipurpose Senior Services Program (MSSP) or the Assisted Living Waiver Pilot Project (or its successor);

(B) Eligibility for 20 or more personal care hours per week under the In-Home Supportive Services Program (IHSS); or

(C) Eligibility for services under the Program of All Inclusive Care for the Elderly (PACE).

Eligibility for these programs must be established by the agency responsible for determining eligibility for the benefits it provides.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.14(b) and (c), 53260(d), 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7342. Eligible Project.**

In order to be eligible to apply for funding pursuant to this Article 6, in addition to the requirements of Section 7302, a proposed ~~p~~Project shall:

- (a) Contain Supportive Housing Units at least equal to the greater of 5 ~~u~~Units or 35 percent of the total number of ~~u~~Units in the ~~p~~Project;
- (b) Restrict Supportive Housing Units for permanent housing for Eligible Households that are Homeless or At-Risk of Homelessness and that include a Disabled Adult;
- (c) In the event that the Department utilizes an over-the-counter selection process, meet or exceed the minimum points required by subsection (a) of Section 7346;
- (d) Be linked to onsite or offsite services that assist the tenant in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community;
- (e) Utilize a primary service provider (the entity responsible for overall implementation of the service plan, including coordination between service providers, where there are more than one) with at least 24 months' experience in the provision of the proposed services to the targeted population, and a successful history of securing funds for similar activities;
- (f) Utilize a property management agent with at least 24 months' experience in managing a special needs or supportive housing ~~p~~Project that would qualify as a Rental Housing Development pursuant to Section 8301(o), except that if the proposed Project has fewer than 10 Units, the Department may approve a property management agent with experience managing projects that do not qualify as Rental Housing Developments, provided that the agent has at least 24 months' experience managing housing for the specific population targeted by the proposed Project; and
- (g) Not be operated as either a health facility, as defined by Section 1250 of the Health and Safety Code, or an alcoholism or drug abuse recovery or treatment facility, as defined by Section 11834.02 of the Health and Safety Code.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.2(d), 50675.4, 50675.7, 50675.14(b), and 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7343. Eligible Sponsor.**

In order to be eligible to apply for funding pursuant to this Article 6, in addition to the requirements of Section 7303, a Sponsor shall:

- (a) Have at least 24 months experience in the ownership or operation of at least one Rental Housing Development with 5 or more ~~u~~Units that includes ~~u~~Units reserved for the disabled or other special needs group; and
- (b) If the Department uses an over-the-counter application process, have sufficient experience to score at least 4 points under the development and ownership scoring criteria (pursuant to Section 7320(b)(3)), except that the score shall be based on experience acquired in the prior 10 years.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.7(c)(3), 50675.14(e) and 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7344. Application Requirements.**

In addition to the application requirements of Article 3, applications for funding under this Article shall include all the following information:

- (a) Information sufficient to ascertain that the requirements of sections 7342 and 7343 have been met, and including at least one reference able to verify the role of the Sponsor in ~~p~~Projects submitted for experience;
- (b) A supportive services plan that meets the requirements of Section 7345.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.6, 50675.7, 50675.14 and 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7345. Supportive Services Plan.**

A supportive services plan shall ~~at a minimum~~ be subject to the Department's approval and shall contain the following information and address the following topics:

- (a) A description of the target population to be served including a narrative describing the tenant selection criteria, tenant eligibility verification process, tenant selection process, and expected sources of referrals. The tenant selection criteria and process shall be in accordance with applicable state and federal fair housing laws. The narrative shall also describe any reasonable accommodation policies as they relate to targeting and tenant selection of persons with disabilities.
- (b) A description of the service needs of each target population that will be served.
- (c) A description of the services that will be provided, where the services will be provided, who the provider will be, the provider's experience, and the provider's relationship to applicant.
- (d) Documentation confirming the number of supportive service staff available to the ~~p~~Project and a narrative explaining staffing ratio and experience. Staffing levels must be documented as sufficient to make services available to meet the needs of the target population.
- (e) A services line-item budget itemizing all expenses and listing the sources, amounts, and status (i.e., proposed or committed) of supportive service funds. The budget must demonstrate that the level of proposed funding is adequate to the types and levels of services to be provided and that all necessary costs are included.
- (f) A narrative description of tenant engagement plan (i.e., plan to elicit voluntary tenant participation in services).

- (g) Commitments or letters of intent to provide operational funding for a minimum of 25 percent of the total service budget. This requirement may be waived where the service provider documents a history of securing supportive service funding sufficient for the Department to make a determination that the proposed ~~p~~Project service funding needs will be attainable. (All ~~applicants~~Sponsors must document commitment of 100 percent of the approved services budget prior to the disbursement of MHP funds.)
- (h) An assessment from a public or nonprofit funding or regulatory agency with oversight or monitoring responsibilities for the proposed supportive services for the proposed target population that verifies that:
  - (1) The proposed services and staffing levels are adequate and appropriate to meet the needs of the target population(s); and
  - (2) The applicant or proposed service provider is a viable provider of the proposed support services.
- (i) If the Sponsor is applying for a competitive advantage in the Leverage scoring category based on collaborative relationships and a focus on measurable outcomes and a plan for evaluation pursuant to Section 7346(c), the following information:
  - (1) Evidence of its collaboration with an organization other than the ~~s~~Sponsor or affiliates of the ~~s~~Sponsor to provide a portion of the services to ~~p~~Project tenants, or evidence of collaboration among specialized intra-organizational programs, groups, or departments. The evidence of collaboration must: be in writing (e.g., contract, memorandum of understanding, letter of intent, letter of interest, or letter of understanding); clearly identify the entity it is from (e.g., on letter head paper); include the ~~p~~Project address; specify the services to be included in the collaborative effort; specify whether the services will be funded or provided, or both; include the estimated value of funds or in-kind services; include the term of the funding or service; and include a brief description and history of the entity providing the funding or services.
  - (2) A plan listing the projected outcomes and outcome measures that will be tracked and detailing how data will be collected, analyzed and evaluated.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.14(b) and 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7346. Application Point Scoring.**

Pursuant to Section 7317(c), the Department has the discretion to make funds under this Article 6 available on a competitive or over-the-counter basis.

- (a) In the event that the Department utilizes an over-the-counter process, the following provisions shall apply, and in order to be considered for funding, an application shall:
  - (1) Score a minimum of 125 points utilizing the criteria set forth in Section 7320, except that Development and Ownership Experience (Section 7320(b)(3)) shall be scored based on experience acquired in the prior 10 years;
  - (2) Score a minimum of 4 points in the Development and Ownership Experience criterion (Section 7320(b)(3)) based on the Sponsor's experience acquired in the prior 10 years; and
  - (3) Score a minimum of 5 points in the Project Readiness criterion (Section 7320(b)(6)).
- (b) Projects requesting both MHP Supportive Housing and MHP General funding shall be scored under the requirements specified in Section 7320(b)(7), Adaptive Reuse/Infill/Proximity to Amenities. Projects requesting only Supportive Housing funding, and not MHP General funding, shall receive the full 10 points available under this scoring criterion.

(c) Applications that demonstrate collaboration with programs that meet the needs of disabled tenants at High Risk of Homelessness and include a focus on measurable outcomes and a plan for evaluation will receive a competitive advantage in the Leverage Scoring Category (Section 7320(b)(5)) as follows:

- (1) Applications will be deemed to meet the "collaboration" criterion if the application documents a commitment from an organization other than the applicant or affiliates of the applicant to provide a portion of the services to ~~p~~Project tenants. Cooperation among specialized intra-organizational programs, groups, or departments may also qualify as collaboration.
- (2) Applications will be deemed to meet the focus on measurable outcomes criterion if the applicant establishes reasonable projected outcomes and outcome measures for residential stability, increased skills or income, and greater self-determination. Applications will be deemed to meet the requirement for a plan for evaluation if the applicant can reasonably describe the proposed system for tracking the data and agrees to collect and evaluate data on outcomes at least annually, with a baseline established at move-in. As specified in Subdivision (c)(3), further competitive advantage will be awarded to applications that track and evaluate pre- and post-occupancy service utilization data for tenants who were, or become during occupancy, incarcerated, hospitalized, housed in a residential treatment facility, or in homeless facilities, and include this ~~is~~ in their evaluation.
- (3) Applications will be scored based on the amount of non-MHP funds for permanent funding of the development costs attributable to the ~~#~~Restricted ~~u~~Units, as a percentage of the requested amount of MHP funds. The leverage advantage for qualifying ~~p~~Projects will be applied as follows:
  - (A) Projects containing at least the minimum 35%, but less than 75% of total ~~u~~Units as Supportive Housing Units will receive one half point for every full 5 percentage point increment of other funds as a percentage of MHP funds. These ~~p~~Projects will receive the first half point when the other funds are equal to 55% of MHP funds. The maximum point award (20 points) will be reached when the other funds are equal to 250% of MHP funds.
  - (B) Projects containing 75% or more of total ~~u~~Units as Supportive Housing Units will receive one full point for every full 5 percentage point increment of other funds as a percentage of MHP funds. These ~~p~~Projects will receive the first point when the other funds are equal to 55% of MHP funds. The maximum point award (20 points) will be reached when other funds are equal to 150% of MHP funds.
  - (C) An additional 2 points will be awarded to Projects that track and evaluate service utilization data, up to the maximum 20 points available under the leverage scoring criterion.

Applications that do not demonstrate both collaboration and a focus on measurable outcomes with a plan for evaluation shall be awarded leverage points solely pursuant to Section 7320(b)(5).

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.4, 50675.5, 50675.6, 50675.7, 50675.13, 50675.14 and 53533(a)(3), Health and Safety Code.

#### **Adopt Section 7347. Reporting Requirements.**

At the time the Sponsor submits the annual ~~p~~Project audit required by Section 7325, the Sponsor shall also submit a supplemental report including the following information:

- (a) The length of occupancy by each supportive housing tenant.
- (b) Changes in each supportive housing tenant's employment status during the previous year.
- (c) Changes in each supportive housing tenant's source and amount of income during the previous year.
- (d) Data on any measurable outcomes that the Sponsor agreed to collect pursuant to Section 7346(c)(2), along with an evaluation of the ~~p~~Project based on this data.

NOTE: Authority cited: Sections 50406(n), 50675.1(c), 50675.11, 50675.14(c), and 53533(a)(3), Health and Safety Code. Reference: Sections 50675.1, 50675.8, and 50675.14, Health and Safety Code.